
SENATE BILL No. 372

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-8-8.5.

Synopsis: Public safety deferred retirement option plan. Permits a member of the 1925 police pension fund, the 1937 firefighters' pension fund, the 1953 police pension fund (Indianapolis), or the 1977 police officers' and firefighters' pension and disability fund who retires because of a disability more than 12 months after the date the member enters the deferred retirement option plan (DROP) to choose whether to receive a retirement benefit calculated as if the member: (1) had never entered the DROP; or (2) exited the DROP on the date the member retires because of the disability. Allows a member who became disabled while in the DROP and was required to retire as if the member had never entered the DROP to make an election to have the member's benefit actuarially adjusted and recalculated as if the member had exited the DROP on the date the member retired because of the disability.

Effective: July 1, 2006.

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January 11, 2006, read first time and referred to Committee on Pensions and Labor.

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Introduced

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

SENATE BILL No. 372

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 36-8-8.5-12 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 12. (a) The retirement
3 benefit for a member who enters the DROP and retires on:

- 4 (1) the member's DROP retirement date; or
5 (2) **the date the member retires because of a disability as**
6 **provided under section 16.5 of this chapter;**

7 is determined under this chapter rather than under the provisions of the
8 applicable fund.

9 (b) A member who retires on the member's DROP retirement date
10 **or on the date the member retires because of a disability as**
11 **provided under section 16.5 of this chapter** may elect to receive a
12 retirement benefit in one of the following forms:

- 13 (1) A retirement benefit paid by and calculated under the
14 provisions of the applicable fund as if the member had never
15 entered the DROP.
16 (2) A retirement benefit paid by the applicable fund and
17 consisting of:



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- (A) the DROP frozen benefit; plus
- (B) an additional amount, paid as the member elects under subsection (c), calculated by multiplying:
 - (i) the amount of the DROP frozen benefit; by
 - (ii) the number of months that the member was in the DROP.

(c) A member who chooses the retirement benefit described in subdivision (b)(2) must elect to receive the additional amount described in subdivision (b)(2)(B) as:

- (1) a lump sum paid on:
 - (A) the member's DROP retirement date; **or**
 - (B) on the date the member retires because of a disability as provided under section 16.5 of this chapter;** or
- (2) three (3) equal annual payments:
 - (A) commencing on:
 - (i) the member's DROP retirement date; **or**
 - (ii) the date the member retires because of a disability as provided under section 16.5 of this chapter;** and
 - (B) thereafter paid on the anniversary of:
 - (i) the member's DROP retirement date; **or**
 - (ii) the date the member retires because of a disability as provided under section 16.5 of this chapter.**

(d) In calculating a member's retirement benefit under this chapter, the applicable fund must use the lesser of:

- (1) the member's actual years of service; or
- (2) thirty-two (32) years of service.

(e) **Except as provided under section 16.5 of this chapter,** the retirement benefits for a member who exits the DROP for any reason other than retirement on the member's DROP retirement date are calculated under the provisions of the applicable fund as if the member had never entered the DROP.

SECTION 2. IC 36-8-8.5-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 13. (a) A cost of living adjustment to the monthly benefit of a member of the 1925 fund, 1937 fund, or 1953 fund is determined in STEP FOUR of the following formula:

STEP ONE: Calculate a percentage by dividing:

- (A) the amount of any increase in the salary of a first class officer or firefighter, whichever is applicable; by
- (B) the prior year's salary of a first class officer or firefighter, whichever is applicable.

STEP TWO: Add:

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(A) the member's DROP frozen benefit; and

(B) the amount of any prior cost of living adjustments calculated under this section.

STEP THREE: Multiply the percentage determined under STEP ONE by the sum determined under STEP TWO.

STEP FOUR: Add the product determined under STEP THREE to the sum determined under STEP TWO.

(b) A cost of living adjustment to the monthly benefit of a member of the 1977 fund is determined under the provisions of IC 36-8-8, as applied after:

(1) the member's DROP retirement date; or

(2) the date the member retires because of a disability as provided under section 16.5 of this chapter.

SECTION 3. IC 36-8-8.5-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 14. A member who enters the DROP established by this chapter shall exit the DROP at the earliest of:

(1) the member's DROP retirement date;

(2) thirty-six (36) months after the member's DROP entry date;

(3) the mandatory retirement age applicable to the member, if any; or

(4) the date the member retires because of a disability as provided under section 16.5 of this chapter; or

~~(4)~~ **(5) December 31, 2007.**

SECTION 4. IC 36-8-8.5-16.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 16.5. (a) **This section applies to a member who retires after June 30, 2006, while the member is in the DROP, because of a disability that arose either in the line of duty or other than in the line of duty.**

(b) **The retirement benefit for a member who retires because of a disability while in the DROP is determined under this chapter rather than under the provisions of the applicable fund. Determinations as to whether:**

(1) the member is disabled; and

(2) a disability is in the line of duty;

under this chapter are made under the provisions of the applicable fund.

(c) **If the member retires because of a disability less than twelve (12) months after the date the member enters the DROP, benefits for the member are calculated under the provisions of the applicable fund as if the member had never entered the DROP.**

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(d) If the member retires because of a disability at least twelve (12) months after the date the member enters the DROP, the benefits for the member are calculated under the provisions of section 12 of this chapter, and the member's retirement date is the date the member retires because of a disability rather than the member's DROP retirement date.

(e) A member who is receiving benefits under this chapter based on a determination under the provisions of the member's applicable fund that the member was disabled in the line of duty is entitled to receive a disability benefit for the remainder of the member's life.

SECTION 5. IC 36-8-8.5-16 IS REPEALED [EFFECTIVE JULY 1, 2006].

SECTION 6. [EFFECTIVE JULY 1, 2006] (a) This SECTION applies to a person who is a member of any of the following funds:

(1) 1925 police pension fund (IC 36-8-6) (the 1925 fund).

(2) 1937 firefighters' pension fund (IC 36-8-7) (the 1937 fund).

(3) 1953 police pension fund (Indianapolis) (IC 36-8-7.5) (the 1953 fund).

(4) 1977 police officers' and firefighters' pension and disability fund (IC 36-8-8) (1977 fund).

(b) A member of the 1925 fund, the 1937 fund, the 1953 fund, or the 1977 fund:

(1) who, before July 1, 2006, retired as the result of a disability while the member was in the deferred retirement option plan (DROP) established under IC 36-8-8.5; and

(2) whose monthly retirement benefit was determined under IC 36-8-8.5-16, before its repeal by this act;

may, before January 1, 2007, make the election described in subsection (c).

(c) A member described in subsection (b) may elect to have the member's benefit actuarially adjusted and recalculated under IC 36-8-8.5-12, IC 36-8-8.5-13, and IC 36-8-8.5-14, all as amended by this act, and IC 36-8-8.5-16.5, as added by this act.

(d) The election described in subsection (c) is irrevocable.

(e) The recalculation of the member's benefit applies to benefits first payable after December 31, 2006.

(f) This SECTION expires June 30, 2007.

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